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THE

Demand and Price

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SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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SUMMARY

The demand for most commodities, including farm products, remains high as economic activity continues to expand. Although consumer buying has receded in the last two months, purchases by business have continued strong. The general wholesale price level began to move upward in recent weeks, after being relatively stable in October. During the week ending November 21, the weekly index of wholesale prices was 1.4 percent above the previous month with wholesale prices of farm products advancing an average of 3.5 percent; food, 2.0 percent; and industrial commodities, 1 percent. Prices received by farmers in mid-November were up 3 percent from the previous month as prices of virtually all commodities advanced. Major exceptions to the general upward movement were fruits and hogs.

Despite postwar record output, production of many manufactured goods and industrial raw materials falls short of demand. Order backlogs of manufacturers continue to increase and intensify pressure on prices of industrial commodities. Consumer expenditures have slackened considerably in recent months compared with the record levels following the Korean outbreak. The flow of income to consumers, however, continues to expand, reflecting for the most part record levels of employment and wage rates. In September, personal income was at a seasonally adjusted annual rate of 228 billion dollars, 2.9 billions above August and 25 billions more than a year earlier. As of October 1, personal income taxes were increased to obtain close to 3 billion dollars annually in additional revenue.

The large gap between U. S. merchandise exports and imports, which has characterized the postwar years, has largely disappeared as a result of declining exports and increasing imports. The value of agricultural exports in the third quarter of 1950 was the lowest since the end of the war and 13 percent below the comparable quarter in 1949.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1949			1950		
		Year	Oct.	July	Aug.	Sept.	Oct.
Industrial production <u>1/</u>							
Total.....	1935-39=100	176	166	196	209	212	215
All manufactures.....	do.	183	176	205	218	220	224
Durable goods.....	do.	201	175	236	247	252	260
Nondurable goods.....	do.	168	177	181	195	194	195
Minerals.....	do.	134	112	144	159	163	167
Construction activity <u>1/</u>							
Contracts, total.....	1935-39=100	368	458	566	582	559	
Contracts, residential.....	do.	471	659	904	887	814	
Wholesale prices <u>2/</u>							
All commodities.....	1926=100	155	152	163	166	170	169
All commodities except farm and food.....	do.	147	145	152	156	159	162
Farm products.....	do.	166	160	176	178	180	178
Food.....	do.	162	160	171	175	177	172
Prices received and paid by farmers <u>3/</u>							
Prices received, all products..	1910-14=100	249	242	263	267	272	268
Prices paid, interest, taxes and wage rates.....	do.	250	246	256	258	261	261
Parity ratio.....	do.	100	98	103	103	104	103
Consumers' price <u>2/</u> <u>4/</u>							
Total.....	1935-39=100	169	168	172	173	174	175
Food.....	do.	202	201	210	209	208	209
Nonfood.....	do.	151	150	151	153	155	155
Income							
Nonagricultural payments <u>5/</u> ...	Bil. dol.	188.2	186.0	202.7	207.3	211.5	
Income of industrial workers <u>3/</u>	1935-39=100	325	307	366	392	397	
Factory pay rolls <u>2/</u>	do.	346	342	391	419	429	
Weekly earnings of factory workers							
All manufacturing	Dollars	54.94	55.26	59.21	60.32	60.68	61.98
Durable goods.....	do.	58.03	58.17	62.85	64.33	65.09	66.34
Nondurable goods.....	do.	51.41	52.47	54.69	55.65	55.52	56.50
Employment							
Total civilian <u>6/</u>	Millions	58.7	59.0	61.2	62.4	61.2	61.8
Nonagricultural <u>6/</u>	do.	50.7	51.3	52.8	54.2	53.4	53.3
Agricultural <u>6/</u>	do.	8.0	7.7	8.4	8.2	7.8	8.5
Government finance (Federal) <u>7/</u>							
Income, cash operating.....	Mil. dol.	3,448	2,046	2,110	3,524	4,865	
Outgo, cash operating.....	do.	3,554	3,266	3,143	3,009	3,199	
Net cash operating income or outgo.....	do.	- 106	-1,220	✓ 514	✓ 1,666		

Annual data for the years 1929-49 appear on page 19 of the March 1950 issue of The Demand and Price Situation. Sources: 1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics, to convert prices received and prices paid interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1949 are on average monthly basis.

Commodity Highlights

Prices received for meat animals after the first of the year are likely to turn generally upward in response to further increases in demand. The Department of Agriculture announced on November 22 that there would be no price-support purchases of dried eggs in 1951. Limited price-stabilization operations may be taken, however, through the purchase of shell eggs. Production of fats and oils in the year beginning October 1950 probably will be slightly smaller than the 12 billion pounds produced a year earlier. Corn prices are expected to advance seasonally to above the support level later in the marketing year. Grower prices for apples, pears, and grapes are expected to be higher in December than a year ago, but prices received for citrus fruits and cranberries are likely to average lower. Grower prices for fresh beets and kale are likely to be higher this winter than last, but those for spinach will probably be lower. Average prices received for 1950 crop potatoes are likely to continue low, but some seasonal rise is expected for the rest of the marketing season. Interim export allocations for cotton were increased by 1,350,000 bales, raising permissible exports from the United States during the period August-March to 3.9 million bales. Demand for the 1950 Burley crop is expected to continue strong.

OUTPUT AND EMPLOYMENT

Expanding output of steel, producers' durable goods, and military equipment paced a further rise in over-all industrial activity during October. The Federal Reserve Board's seasonally adjusted index of industrial production for that month was 215 (1935-39=100), 1 percent above September and 30 percent above October 1949. Fragmentary data on production in November indicate a continuation of the high rate of recent months.

Durable goods production in October was 3 percent higher than the previous month and 49 percent above October a year earlier. Higher activity in the steel and machinery industries accounted for most of the September-October rise. Steel operations during the month averaged 102 percent of capacity, which, in terms of ingots and castings, was a new all time high. Motor vehicle production, after slowing down in early October, recovered later in the month, bringing the daily average rate of output for the month as a whole up to the high rates of recent months. During the first half of November, however, production was down rather sharply as a result of shutdowns for model changeovers and some shortages of materials, especially steel. Production of nonferrous metals and products in October was also up from the previous month, while activity in most other durable goods industries was maintained at the high levels of the past few months.

Production of nondurable goods pushed upward to the previous record high of August as further gains in output were registered by the paper and products, chemical, textile and rubber industries. The index of nondurable goods production rose to 195 in October, about 1 percent above September and 10 percent above October a year earlier.

Mineral production was also higher in October than in September as coal output continued to expand. Crude petroleum production was maintained close to the record September rate.

Despite record and near-record levels of activity in most manufacturing industries, output continues to fall short of demand. Order backlogs of manufacturers rose 1.7 billion dollars in October. All of the rise occurred in durable goods industries where shipments failed to keep pace with new orders. Unfilled orders in nondurable goods industries were about the same as in the previous month.

The rapid and sustained recovery in U. S. industrial activity during the past year has strengthened U. S. demand for foreign products. This development combined with recovery in production abroad and the sharp rise in prices of imported commodities following the Korean outbreak resulted in a steady rise in the value of U. S. merchandise imports during the same period. Recovery in foreign production also had its impact on U. S. exports, which dropped below the high levels of 1947-49. The net result of these movements in the value of U. S. exports and imports was a steady decline in the U. S. merchandise surplus, which fell from an average of 448 million dollars per month in 1949 to only 19 million per month during the third quarter of this year.

In October new construction activity began to decline from the all-time high rates maintained throughout the summer. Seasonal factors, high costs, and to a limited extent more stringent credit terms were responsible for the decline. The value of all new construction in October was estimated at 2.7 billion, 4 percent less than in September, but 24 percent greater than a year ago. For the first 10 months of this year the value of new construction was 22 percent greater than in the like period a year earlier.

Accounting for most of the drop in the total, private homebuilding was down 7 percent from September, although the total value of such activity was still 46 percent greater than in October 1949. From January through October the value of new private residential construction was 56 percent above the first ten months in 1949. Also responsible for part of the total decline from September was a seasonal contraction in the value of new highway construction, which was almost 7 percent below September. Most types of nonresidential construction, on the other hand, continued to expand in October. Further significant increases occurred in industrial and commercial construction, reflecting the heavy volume of contracts awarded during the past few months. The total value of all new nonresidential construction in October was up almost 8 percent from September and for the first 10 months of 1950 increased 10 percent over the same period last year.

Further credit restrictions on residential housing, effective as of October 11, 1950 were announced by the Federal Reserve Board and Federal Housing Administrator. These new regulations are intended to reduce the construction of new dwelling units in 1951 about one-third below the 1.3 million units estimated for 1950. Some general indication of the possible effects of the new housing credit regulations on prospective construction activity was provided recently by a BLS survey of mortgage-financed

new single family homes sold in 9 large cities in the second half of 1949. The cities covered were Atlanta, Boston, Detroit, Los Angeles, Miami, Philadelphia, Pittsburgh, Seattle, and Washington, D. C. About one-fifth of all new nonfarm one family homes were started in these Metropolitan areas last year.

Among the results shown by the Survey were:

- (1) About 85 percent of all sales in the area were made with Government-aided loans. This percentage is roughly twice that for the country as a whole, reflecting concentration of FHA and VA financing in metropolitan and large-city areas.
- (2) About two-thirds of all sales were financed with VA assistance. About 56 percent of these sales were made with no down payment; 80 percent, with down payments of 5 percent or less.
- (3) If the sales in these areas were made under current housing credit regulations, about 90 percent of houses bought with VA-guaranteed loans and 60 percent of those financed under FHA exclusively would have required larger down payments than in 1949.

Expanding military requirements are expected to take up most of the slack that may develop in supplies of building materials due to reduced residential construction. Supplies of building materials available for farm construction may not change appreciably from present levels.

More people had jobs in October than in the previous month. Total employment in early October was estimated at 61.8 million persons, 500,000 above September and only 600,000 below the seasonal high reached in August this year. The rise from September was due entirely to an increase in farm employment. Nonfarm employment dropped slightly to 53.3 million in October, but there were still 2 million more workers with nonfarm jobs than a year earlier.

With the civilian labor force rising only slightly from September to October, the number of unemployed at 1.9 million persons, was down 400,000 from September to the lowest level since December 1948. The unemployment rate in October dropped to 3.0 percent of the civilian labor force compared with 3.7 percent in September and 5.7 percent in October a year ago. About 440,000 persons were out of work 15 weeks or longer in October, compared with 570,000 in September and 820,000 in October last year.

INCOME AND RELATED FACTORS

The continued expansion in over-all economic activity generated another record flow of personal income in September. Total personal income in that month was at a seasonally adjusted annual rate of 228.3 billion dollars, 2.9 billion above the previous high in August and 24.9 billion above September 1949. A substantial rise in payments of corporate

dividends and increased Government and private pay rolls accounted for the August-September advance. Proprietors' and rental income declined, largely as a result of a smaller than seasonal rise in agricultural income.

The continuous advance in salary and wage receipts since February was extended into September. At 147.5 billion dollars, wage and salary payments were 2 billion above the previous high reached in August and 15.9 billion above September a year earlier. Increasing Government pay rolls growing out of the defense program and larger pay rolls in the durable goods industries were largely responsible for the rise.

Sales at department stores, after allowance for seasonal factors, continued to recede from the record levels immediately following the Korean outbreak. The index of department store sales, seasonally adjusted, was 292 (1935-39=100) in October, about 9 percent below September, 19 percent below the peak level in July but 5 percent above October a year earlier. Some further slackening occurred in late October and early November. The gradual tapering off in volume from the peak July level was indicated by the progressively smaller increases from a year ago reported subsequent to the outbreak in Korea. During the four weeks ending July 29 stores reported sales 30 percent higher than in the same period last year; the four week period ending September 2 showed increases of 13 percent over a year ago; and during the latest four-week period ending November 18 this margin dropped to 5 percent, although sales during the last week of this period showed a 7 percent rise from levels of a year earlier.

Consumer expenditures as reflected by total retail sales also declined further in October from the high levels of July. After adjustment for seasonal factors, October sales were 3 percent below September, less than 1 percent above the pre-Korean high, but 9 percent above October a year earlier. The decline from September partly reflected additional credit restrictions imposed in October. The drop from the previous month was particularly evident in the durable goods stores, where sales declined 6 percent. The largest decrease was shown by the automotive group--7 percent, while declines of about 4 percent were registered by the home-furnishings and building materials groups. Sales at nondurable goods stores were down about 1.5 percent with only small changes shown for most groups. Stores in the general merchandise group, however, reported a drop of 6 percent in sales from September.

In September, consumer debt again increased, although the rise was smaller than in the months immediately preceding, when heavy buying of durable goods was financed in large part by the use of instalment credit. Total consumer credit outstanding at the end of September was estimated at 21.5 billion dollars, 504 million above August and 4.7 billion greater than in September 1949. The September increase compares with a rise of 614 million in August and 683 million in July. Instalment credit was up 322 million in September to a total of 13.3 billion dollars, with increases in sale credit accounting for most of the rise. Noninstalment credit outstanding rose to 8.1 billion, 182 million above August and 1.2 billion greater than in September 1949. Most of the rise in this type of credit was due to a further increase in charge account indebtedness.

Estimates of consumer credit outstanding at the end of October, when available, are expected to show some slowing down in the recent rate of consumer credit expansion as a result of action by the Federal Reserve Board stiffening terms effective October 16 under which consumer credit may be granted.

COMMODITY PRICES

The upward pressure on the general price level let up somewhat in October as declines in prices of farm and food products offset further gains registered by industrial commodities. The BLS comprehensive index of wholesale prices in October was 169.1 (1926=100), fractionally below September, but 7.5 percent above June, and 11.1 percent above October 1949. The monthly average wholesale prices of farm products declined for the first time since April, reflecting some easing in prices of grains and livestock, especially hogs. Average wholesale prices of foods were also down for the first time in six months as meat prices were slightly lower. The declines shown for both of these groups, however, were partially offset by a continued advance in prices of industrial products. Average wholesale prices of industrial commodities were up 1.4 percent from September, 8.5 percent from the pre-Korea month of June, and 11.3 percent from a year ago. Continued strength was shown by all nonfarm commodity groups except building materials, average prices of which receded slightly from the record levels reached in September.

Table 1.- Group indexes of wholesale prices, week ended November 21, 1950 with comparisons

Group	(1926=100)			Week ended November 21, 1950	
	Week	Week	Week	percentage change from	
	ended	ended	ended	Week ended	Week ended
	Nov. 21, 1950	Oct. 24, 1950	Nov. 22, 1949	Oct. 24, 1950	Nov. 22, 1949
All commodities	171.2	168.9	151.7	✓ 1.4	✓ 12.9
Farm products	184.9	178.7	157.4	✓ 3.5	✓ 17.5
Foods	177.5	174.0	159.5	✓ 2.0	✓ 11.3
All other than farm and food	162.4	160.8	145.0	✓ 1.0	✓ 12.0
Textile products	166.6	162.0	138.4	✓ 2.8	✓ 20.4
Fuel and lighting products	135.4	135.5	130.0	- .1	✓ 4.2
Metals and products	180.4	178.1	167.2	✓ 1.3	✓ 7.9
Building materials	218.0	220.1	189.8	- 1.0	✓ 14.9
Chemicals and allied products	135.7	132.3	116.2	✓ 2.6	✓ 16.8

Bureau of Labor Statistics

In late October and in November, however, the general wholesale price level again moved upward, reflecting further advances in most components of the index. During the week ending November 21, the weekly index of prices of all commodities rose 1.4 percent above the previous month. Wholesale prices of farm products averaged 3.5 percent higher than a month earlier, while prices of foods were up .2 percent. Average prices of industrial commodities rose 1 percent from the previous month as a result of further substantial advances in prices of textiles, chemicals and metals and products. Building material prices at wholesale were down 1 percent during the month and prices for fuel and lighting materials were steady.

Compared with a year ago, wholesale prices of all commodities averaged 12.9 percent higher with all major groups sharing in the advance. Wholesale prices of textiles and products, farm products, foods, chemicals and building materials were substantially higher than a year ago. The other major groups showed more moderate gains.

Prices received by farmers in mid-November averaged 3 percent higher than a month earlier. The EAE index of prices received by farmers in mid-November was 276 (1910-14=100), 16 percent higher than a year earlier. Average prices received for all crops combined were 5 percent above October as a result of increases in prices received for all major groups of commodities, except fruits. Prices received for oilseeds and truck crops rose substantially from the previous month, while more moderate gains were registered by food and feed grains, cotton, and "other vegetables". Prices received for livestock and livestock products averaged 1 percent higher than in mid-October with seasonal gains in dairy products prices and increases in prices received for wool and eggs more than offsetting a slight decline in the meat animals group. The drop in the latter was entirely due to seasonally lower average prices received for hogs.

Table 2.- Group indexes of prices received by farmers, November 15, 1950 with comparisons

Group	(1910-14=100)			November 15, 1950	
	Nov. 15,	Oct. 15,	Nov. 15,	percentage change from	
	1950	1950	1949	Oct. 15, 1950	Nov. 15, 1949
Food grains	224	219	215	/ 2	/ 4
Feed grains and hay	192	188	157	/ 2	/ 22
Cotton	346	327	233	/ 6	/ 48
Tobacco	428	426	369	1/	/ 16
Oil-bearing crops	351	300	220	/ 17	/ 60
Fruit	194	207	172	- 6	/ 13
Truck crops	188	138	213	/ 36	- 12
Other vegetables	144	141	188	/ 2	- 23
All crops	250	238	210	/ 5	/ 19
Meat animals	357	358	280	2/	/ 25
Dairy products	267	261	261	/ 2	/ 2
Poultry and eggs	209	201	216	/ 4	- 3
Wool	406	362	258	/ 12	/ 57
Livestock and products	299	296	262	/ 1	/ 14
Crops and livestock and products	276	268	237	/ 3	/ 16

1/ Less than one-half percent increase.

2/ Less than one-half percent decrease.

Compared with a year ago, prices of farm products averaged 16 percent higher, with the largest gains shown for cotton, oilseeds, wool and meat animals. More moderate gains were registered by dairy products, food and feed grains, and tobacco and fruit, while prices received for truck crops and "other vegetables" were substantially lower. Average prices received for poultry and eggs combined were slightly below a year ago.

Prices paid by farmers, including interest, taxes and wage rates in mid-November advanced to a new high, largely as a result of higher prices for feed, feeder livestock, clothing and housefurnishings. The BAE index of prices paid by farmers including interest, taxes and wage rates was 263 (1910-14=100), 1 percent above October and 7 percent higher than in

November 1949. The greater advance in average prices received by farmers than in prices paid raised the parity ratio (index of prices received divided by the index of prices paid, interest, taxes and wage rates) to 105, the highest in 2 years.

Prices paid by urban consumers of moderate incomes rose to a new peak in mid-October. The BLS index of consumers' prices was 174.8 (1935-39=100) in October, compared with 173.8 in September, 168.5 in October 1949 and the previous high of 174.5 reached in August 1948. The September-October rise reflected increases in average prices paid for all major groups of commodities and services.

AGRICULTURAL EXPORTS

Total agricultural exports were valued at 632 million in the third quarter of 1950. This was the smallest amount in any quarter since the war and 13 percent lower than in the third quarter of last year. At the rate in the first three quarters of this year, the value of agricultural exports in 1950 would be about 2.8 billion dollars or about 22 percent lower than last year and the lowest year since the war.

Food exports declined more than total agricultural exports, but exports of agricultural nonfoods were larger in the third quarter of 1950 than in the same quarter last year. Continuing a downward trend beginning in the second quarter of 1947, the value of food exports was one-third lower this third quarter than in the third quarter of last year, while the total value of agricultural non-foods was 29 percent higher.

Table 3.- Value of exports of United States agricultural products by quarters, 1949-50

Period	(Million dollars)					
	:	:	:	:	:	:
	Cotton	Tobacco	Other	Grain	Other	Grand
	including	unmanu-	agri-	and	foods	total
	linters	factured	cultural	prep-		
			nonfoods	arations		
1949						
1st quarter	252	52	74	434	214	1,026
2nd quarter	272	40	84	385	225	1,006
3rd quarter	103	84	50	343	146	726
4th quarter	247	76	50	299	147	819
Total 1949	874	252	258	1,461	732	3,577
1950						
1st quarter	302	31	62	218	122	735
2nd quarter	297	44	63	185	143	732
3rd quarter	188	80	38	206	120	632

FARM INCOME

Farmers' cash receipts from marketings in November were about 3.1 billion dollars, 12 percent below October but 8 percent above November 1949. Average prices last month were about 3 percent above October, so the decline in receipts was the result of seasonally smaller marketings. However, higher prices accounted for the gain in receipts over last year.

Receipts from livestock and products in November were around 1.6 billion dollars, 4 percent more than the month before and 18 percent above a year ago. While marketings were below October 1950 and November 1949, prices were slightly above the previous month and considerably above last year. November receipts from meat animals probably were between 25 and 30 percent above last November because of larger quantities sold at higher prices. It is likely that marketings and cash receipts of meat animals were above October with prices about the same. Receipts from dairy products in November were about 8 percent below October because of seasonally smaller marketings, but they were probably about the same as a year ago. Receipts from poultry and eggs were about 20 percent greater than in October, reflecting the large seasonal increase in sales of turkeys; and they were 6 percent above November of last year because larger marketings more than offset lower prices.

Crop receipts in November were about 1.5 billion dollars, 25 percent below October and about the same as last November. Crop marketings showed a seasonal decline, and were well below a year ago. Prices, however, averaged 5 percent above October and 19 percent above November of last year. Receipts from some major crops like wheat and tobacco--as well as receipts from other crops such as soybeans, grapes, apples, and truck crops--were down considerably from October because of seasonal declines in marketings. These declines, however, were partly offset by larger sales of corn, sugar beets, and tree nuts.

Farmers received approximately 25.1 billion dollars this year during the 11 months, January through November, about 2 percent less than they received in the corresponding period last year. The total volume of marketings was 6 percent below last year but prices averaged slightly higher. Receipts from livestock and products were 14.3 billion dollars, 1 percent above 1949 because of slightly larger marketings. Meat-animal receipts were about 6 percent greater than last year, with marketings down slightly and prices averaging 8 percent above a year ago. However, receipts from both dairy products and poultry and eggs were below 1949 because of lower prices.

Crop receipts in the 11-month period were about 10.8 billion dollars, 6 percent below last year. Crop marketings were about 15 percent below a year ago but prices averaged a little higher. Smaller sales of wheat, cotton, and corn, plus lower prices for vegetables, accounted for most of the decline in total crop receipts.

LIVESTOCK AND MEAT

The demand for meat continued strong during October and early November. Prices of pork and of hogs declined no more than usual percentage-wise and prices of other meats and meat animals were generally steady at this large supply season. Rising consumer incomes will probably bring further increases in demand for meat, and price trends after the first of the year may be generally upward.

Hog slaughter is expected to reach its peak before the middle of December, and to decline seasonally thereafter. Slaughter has been somewhat larger this fall than last, and will probably not differ this winter from last winter. Although hog prices have shown about the usual percentage seasonal decline this fall they have been higher than a year earlier. Rising prices are expected around the turn of the year.

Cattle slaughter was nearly stable and a little smaller than last year from August through October. It may not drop as much during late fall as last and for 1950 may total about as large as a year earlier. Supplies of cattle for slaughter have recently included more fed cattle than usual for the season. Fed cattle have been marketed later this fall than in most years, and much later than in 1949. The large numbers of well-finished fed cattle have lifted average slaughter weights above a year earlier, so that beef production has been slightly larger this fall than last despite the fewer cattle slaughtered. In the next few months beef production will probably continue to exceed slightly that of a year earlier.

Fewer cattle have moved to the feeding areas this fall than last, but the number is as high as, or higher than in most years before 1949. Total numbers fed during the coming year, however, will continue at a high level. The number expected to move to feed lots throughout the late fall and winter will be substantial, though below last year. Record numbers will probably be fed in California, and feeding will be large in most of the other Western States.

Prices of the better grades of cattle have been exceptionally stable this past summer and fall but in November were lower than last November. Prices of the lower grades have declined less than usual and have been higher than last year. Very strong demand for feeder cattle, prices of which have recently been record high, has had a supporting effect on prices of lower grade slaughter cattle. A moderate increase in prices of the better grades of cattle seems likely this winter, due to a seasonally declining supply and an expected increase in consumer demand for meat.

Slaughter of sheep and lambs has been short of a year earlier. It also was nearly stable in August-October, and may hold close to 1949 levels in weeks ahead. Although fewer lambs will be fed this year than last because of the smaller supply available, movement to the Corn Belt was earlier than last and slaughter will likely be earlier.

Prices of lambs have advanced recently and for the week ending November 11 were \$6.00 higher than last year. Some further increase may occur. Prices of mature sheep have nearly doubled since mid-year. Good and Choice slaughter ewes at Chicago, which averaged \$8.55 per 100 pounds the week ended July 1, reached \$15.50 the week ended November 18. Strong demand for breeding stock is a factor in this price rise.

Slaughter of calves has been smaller than last year and for the next few months is expected to continue so. Prices, now near record high, may be well maintained.

DAIRY PRODUCTS

Prices of manufactured dairy products have increased slightly in the past month or so and now are the highest since early in 1949. Retail prices of fluid milk have increased a little more than seasonally this fall. Beginning with September they have been higher than a year earlier. These price changes have been translated into slight increases in prices received by farmers at local markets. In November, farmers received an average of \$4.37 per hundredweight for milk at wholesale compared with \$4.25 a year earlier. The average price for butterfat was 63.5 cents per pound in mid-November, the highest since February 1949, compared with 62.6 in November 1949.

Feed prices have increased more than dairy prices in the past year, and farmers' dairy product-feed price ratios are slightly below average. Farmers have fed smaller quantities of concentrate feeds, but with excellent late-fall pastures, the rate of milk output per cow in herds kept by dairy correspondents has been maintained at record levels. Total milk production has been slightly smaller than a year earlier for the past two months. For January-October, milk production for the United States was 103.6 billion pounds this year, compared with 102.1 billion pounds in 1949 and the previous record for those months in 1945 of 104.9 billion pounds.

Consumption of fluid milk and cream has continued larger than a year earlier. Thus, with a slight decline in milk production, the quantity of milk available for manufactured dairy products has dropped substantially. Latest data show that production only of evaporated milk was appreciably greater than a year earlier. In October, production of creamery butter was smaller by 11 percent and American cheese by 6 percent. Use of milk in fluid outlets will continue to expand as consumers' incomes increase. And since milk production is not likely to expand, the supply of milk for manufacturing will continue smaller than in the recent past.

With the rise in demand and drop in production, USDA purchases for price support have virtually ceased for butter and cheese, and purchases of nonfat powder are the smallest since the beginning of the support program. Considerable quantities of all three items have been sold to the domestic trade. Substantial quantities of powder and small amounts of cheese and butter have been shipped to foreign countries for relief purposes. Great Britain recently purchased 50 million pounds of cheese. Unsold USDA supplies as of November 18 were: cheese 38 million pounds, butter 131 million pounds and nonfat 258 million pounds.

POULTRY AND EGGS

A brisk demand for eggs maintained prices through mid-November at levels higher than those which had prevailed a few weeks earlier. In mid-November, the average price received by farmers was 45.6 cents per dozen, 2.4 cents above October, but 1.4 cents below a year earlier. The rise from the month before contrasts with the drop of 4.3 cents per dozen that occurred from mid-October to mid-November 1949.

The high prevailing level of egg prices has encouraged the movement of the storage stocks of shell eggs into consumption channels. This movement has occurred at prices which have been favorable to storers when considered relative to costs during the into-storage season. The volume stored in the shell in 1950 reached a peak of 3.7 million cases, compared with a peak of only 2.3 million in 1949. Despite the larger volume stored this year, the remaining stocks in early November were lower than a year ago, and shell supplies since then were almost entirely dependent upon current production. Production is rising seasonally from the low point which occurred in September.

The Department of Agriculture announced on November 22 that there would be no price-support purchases of dried egg in 1951. The Department said that limited price-stabilization operations might be undertaken, however, through the purchase of shell eggs in quantities no larger than possible dispositions through available outlets.

Average prices received for turkeys in mid-November, at 32.6 cents per pound (live), were 0.8 cents higher than in October. The November turkey price, 5.2 cents higher than the year's season-low of 27.4 cents in May, has already shown a seasonal increase much larger than occurred last year, when there was a spread of less than 2 cents between the season-low price of 33.4 cents in June, and the peak price of 35.3 cents for 1949-crop birds in December.

Chickens, at an average price of 22.6 cents per pound (live) in mid-November, were about the same as a month earlier, but 0.5 cents lower than last year. The monthly average of chicken prices includes broiler prices. In September broiler prices fell to a very low level which continued through October. By the end of November, there was no significant increase in the broiler price in most producing areas.

Storage stocks of chickens and turkeys are now increasing seasonally. The peak holdings of chickens typically occur on January 1, and of turkeys on February 1. For turkeys, the volume stored depends partly upon the movement into consumption channels at the Thanksgiving and Christmas holidays.

FATS, OILS, AND OILSEEDS

Prices of nearly all fats and oils advanced in November. The sharpest rises were in prices of soybean, cottonseed and other domestic edible vegetable oils. This rise apparently was due mainly to continued strong demand, the prospect that total output of these oils in 1950-51 will be moderately smaller than a year earlier, and relatively slow marketing by farmers of the 1950 soybean crop. The price of lard rose moderately in November but lagged behind prices of domestic edible vegetable oils. Prices of inedible tallow and greases rose along with lard. Since September, the price of lard apparently has acted as a ceiling on tallow and grease prices and these have been a floor for the price of lard. Soapmakers purchased large quantities of lard in October. Edible olive oil was the only major fat or oil to show a price decline. With prices of oilseed meals and oils higher in November than a month earlier, oilseed prices also advanced. The index number of wholesale prices of 26 major fats and oils (excluding butter) in November was about 190 (1935-39=100) compared with 186 in October and 138 a year earlier.

Production of fats and oils, including the oil equivalent of domestic oilseeds exported, in the year beginning October 1950 probably will be slightly smaller than the record output of 12 billion pounds a year earlier. Production of vegetable oils (including oil equivalent of exported soybean and peanuts for crushing abroad) may decline slightly, with a major reduction in cottonseed oil output not quite offset by an increase in production of soybean oil. Output of butter is expected to decline. Output of lard, tallow, and greases, however, probably will increase moderately.

Output of fats and oils in 1951-52 is likely to continue around the 12 billion pound level, barring adverse crop conditions next spring and summer. Rising hog and cattle slaughter in 1951-52 probably will bring a further increase in output of lard, tallow, and grease. Production of cottonseed in 1951 is likely to increase substantially as there will be no acreage allotments in effect for the 1951 cotton crop. Output of soybeans

in 1951 is likely to decline because some of the land diverted to soybeans as a result of acreage allotments for corn and cotton in 1950 probably will again be planted in corn and cotton in 1951.

Imports of fats, oils and oilseeds in September (the latest month reported) totaled 145 million pounds in terms of oil, compared with 121 million pounds a year earlier. The September 1950 total was more than in any other month since December 1948. Imports of palm oil, tung oil, and copra were much larger than in any other month this year.

Exports of fats, oils and oil equivalent of oilseeds in September totaled 161 million pounds, 28 million pounds more than a month earlier and 22 million more than in September 1949. Exports of inedible tallow and greases were the highest for any month of record and comprised about one-third of the September total. Exports of lard and other edible fats and oils were relatively small, as is usually the case in the early fall.

CORN AND OTHER FEED

Corn prices have declined less than seasonally this fall and are holding nearer to the support level than in either of the past two years. The mid-November price this year was 1.37 per bushel, 10 cents below the 1950 support level but 35 cents higher than in November 1949 when prices dropped to 38 cents below the support. Much of the 5 percent decline in the average farm price from August to November apparently was due to the discount for the higher moisture content of new crop corn. The price of No. 3 Yellow corn at Chicago has remained firm this fall and is commanding more than the usual premium over average quality corn at local markets. Corn prices are expected to advance seasonally to above the support level later in the marketing year. Prices of other feed grains advanced from October to November and the November index of feed grain prices was 27 percent higher than a year earlier. The price of sorghum grains is unusually low this fall relative to the price of corn and probably will continue so at least through this winter. Prices of most of the protein feeds advanced during the past month, but these feeds continue lower relative to feed grain prices than in 1949-50.

The total supply of all feed concentrates, now estimated at 179 million tons, is only about 2 percent below the record supply of last year. The corn supply is about 6 percent below last year's record, while supplies of oats, barley, and sorghum grains are all somewhat larger than a year ago. Another big supply of protein feeds is in prospect. Feeding of domestic wheat and rye probably will continue somewhere near the 1949-50 level. The corn supply for 1950-51 is estimated at 3,965 million bushels, which is larger than in any year prior to 1949-50. Utilization of corn is expected to continue heavy in 1950-51 and the corn carry-over next October 1 probably will be reduced to below 600 million bushels.

The total domestic utilization of corn, oats, and barley, July-September, was about 10 percent larger than in that quarter of 1949 and 22 percent above the 1943-47 average. Corn utilization during July-September was unusually heavy, exceeding utilization in that quarter of 1949 by about 95 million bushels, while utilization of oats was somewhat smaller.

The Secretary of Agriculture announced in early November that there would be no marketing quotas on 1951 corn and that corn acreage allotments next year would be set at a high level. Higher acreage allotments are planned in view of the increasing domestic requirements of corn and the need for increased production next year. Specific corn acreage allotments, which apply only in the designated commercial producing areas, will be determined and announced later this winter.

WHEAT

The price of No. 2 Hard Winter Wheat at Kansas City, a representative market, reached the high for the season on July 21. On that date it was \$2.31 or 6 cents above the loan. Following that date, prices declined and on October 17, the price of this wheat at Kansas City was \$2.06 or 19 cents below the loan. This price compares with \$2.09 on June 24 just prior to the Korean outbreak. Since mid-October prices have strengthened again and on November 30 were about 4 cents below the loan level at Kansas City. On the same date they were 6 cents below at Minneapolis and St. Louis, and 10 cents below at Portland.

With prices near or above the loan rate following the outbreak in Korea, farmers marketed freely and as a result the quantity which will be placed under price support programs this year is expected to total less than 200 million bushels compared with 383 million in 1949-50. The quantity of 1950-crop wheat reported pledged under the support program through October totaled 142 million bushels. In addition, about 5 million bushels of 1949-crop wheat have been resealed. Recently, sales by farmers have again been on a moderately substantial scale. This is at least in part due to the need for storage space for other grains, the marketing of wheat which may go out of condition, and also to some extent the desire to market wheat before the turn of the year to avoid higher income taxes.

The effect of the reduction in the quantity under price support programs on the free market supplies of wheat is partly offset by the increase in quantities owned this year by the CCC. Stocks owned on October 31 totaled 297 million bushels compared with 198 million bushels a year earlier. Exports continue to be made out of CCC stocks however, so that current inventories will gradually be reduced before the time of deliveries on 1950-crop loan wheat after April 30.

United States domestic wheat supplies in 1950-51 are now estimated at 1,430 million bushels, or 26 million less than in 1949-50. The July 1 carry-over of old wheat was 420 million bushels (revised) and the 1950 crop is estimated at 1,010 million. Domestic wheat disappearance may total about 725 million bushels, leaving about 705 million bushels available for export in 1950-51 and carry-over July 1, 1951. If exports, shipments and military procurement reach 260 million bushels, the carry-over July 1, 1951 would be about 450 million bushels.

FRUIT

Grower prices for apples, pears and grapes are expected to be higher in December than in that month of 1949, but prices for citrus fruits and cranberries are likely to be lower.

Prices received by growers for apples and pears may rise more slowly after January 1, than they did after January 1, 1950. If cold-storage holdings are much larger than average after the first of the year, prices may rise only slightly. The season for these two fruits has been late this year, and movement into storage has been heavy. However, prices will tend to be supported by the export-payment programs for these two fruits.

With supplies of oranges this winter about as large as last and stocks of canned and frozen juice much larger, grower prices after the first of the year probably will continue lower than in the winter of 1950. Prices for grapefruit may continue considerably lower. The 1950-51 crop is about a third larger than the short 1949-50 crop and stocks of canned grapefruit juice were substantially larger at the start of the canning season this fall than in the same time of 1949. Some increases in the 1950-51 packs of canned and frozen citrus juices are expected. Exports of oranges and grapefruit also are expected to run larger than in the 1949-50 season. Exports of these two fruits will be aided by an export payment program, effective November 15, 1950.

Cold-storage holdings of frozen fruits and fruit juices totaled approximately 491 million pounds on October 31, 1950, compared with nearly 343 million pounds on that date in 1949. Frozen strawberries, cherries, and orange juice comprised over half of the stocks on October 31, 1950, with stocks of each item up considerably from a year earlier.

COMMERCIAL TRUCK CROPS

For Fresh Market

Winter harvest supplies of beets are expected to be about one-fourth less than last winter, and below average. Prospective kale supplies are one-tenth smaller than last winter but well above average. Winter spinach supplies are indicated to be well below average but much larger than last winter's short crop. Prices for fresh beets and kale probably will be higher than last winter, but spinach prices probably will be somewhat lower. There will be ample supplies of onions and cabbage available out of storage at relatively low prices.

For Processing

Commercial processing of vegetables for the year 1950 is already largely completed. Wholesale and retail prices of canned vegetables in general have been moving up moderately since the middle of the year. Expanded military demands have created temporary short supply situations in some items. However, prices are not expected to rise much further this season because of the abundant supplies of fresh vegetables available at current prices. Supplies of frozen vegetables are record large, so that no more than slight increases in price are expected for frozen vegetables this season. Demand for both canned and frozen vegetables is expected to continue strong well into 1951 at levels somewhat higher than in 1950.

POTATOES AND SWEETPOTATOES

Continued low prices, but some seasonal rise in prices, are expected for the rest of the marketing season for the large 1950 crop of potatoes. The 430.6 million bushel crop is 7 percent larger than the 1949 crop which was about average in size. The yield of 236 bushels per acre is a new high record.

In nearly all areas, the quality of this year's crop is very good. The good quality and the lower price this year should increase consumer acceptance of potatoes. However, the supply is far in excess of demand at support prices. Government purchase and diversion operations are continuing at a much faster rate than last year. Total purchases and diversions of the 1950 crop through November 15 equalled about 26.5 million bushels, almost 16 million bushels more than were similarly removed from the 1949 crop by the same date last year.

Though this year's crop of sweetpotatoes remains 4 percent smaller than the 10-year average, it is 10 percent larger than last year's crop. Prices are expected to continue lower than a year earlier throughout the rest of the 1950 crop marketing season, although seasonal increases are expected as usual after harvesting is largely completed. Another factor contributing to the low prices received by farmers for sweetpotatoes thus far this season has been the unusually heavy marketings of lower-grade sweetpotatoes from New Jersey. Growers in this State as usual sold their lower-grade stock as it was harvested. A smaller-than-usual percentage of their crop this year was U. S. No. 1.

COTTON

The average ten spot market price of Middling 15/16 inch cotton hit a record high of 43.93 cents per pound on November 22. This compares with a price of about 29.60 cents per pound for the same date in 1949.

On November 9, the Secretary of Agriculture announced an increase of 1,350,000 bales in interim export allocations for cotton. A country by country break-down of 750,000 bales of this increase was announced on November 22 and the allocation by countries for the remaining 600,000 bales will be announced later. This additional allocation will permit exports from the United States for the period August-March of about 3,900,000 bales, of which 728,356 bales were exported during August and September. These figures compare with total exports of 5.8 million bales during the entire 1949-50 season and 379,000 bales during August and September 1949.

Domestic consumption for the 1950-51 season is estimated at about 10,000,000 bales, of which 2,611,479 bales were consumed by domestic mills from August through October, inclusive. The mills continued to operate at a high level during October, about 147 percent of capacity, (100 percent capacity based on eighty hour week) and consumed 835,155 bales of cotton.

Imports of cotton during August and September amounted to 27,462 bales, with 4,730 and 22,732 bales being imported in August and September, respectively. Imports during the same months of 1949 amounted to 5,324 and 52,180 bales. Total imports for the 1950-51 season are estimated at about 200,000 bales as against 255,000 bales last season.

The total supply of cotton during the 1950-51 season, carry-over of about 6,800,000 bales plus imports and production, will amount to about 16,800,000 bales. The Crop Reporting Board as of November 1, estimated total U. S. production of cotton during the 1950-51 season at 9.8 million running bales. This compares with a 9.7 million bale production estimate last month. The indicated yield is 259.0 pounds of lint per acre. Through October 6,459,000 bales or about 66 percent of the crop had been ginned,

compared with 60 percent in the same period last year. About 18 percent has been ginned in States east of the Mississippi River and about 57 percent in States west of the Mississippi.

Indications are that the quality of the 1950 crop will be relatively high. Ginnings through October 31 showed a grade index of 97.1 (Middling White equals 100) and an average staple length of 33.1 thirty-seconds of an inch. This compares with a grade index for the same period last season of 96.7 and an average staple length of 32.7 thirty-seconds of an inch.

WOOL

The average price received by growers for shorn wool has advanced each successive month this year through October. Prices received in November averaged 72.2 cents per pound, grease basis, a new record high. The previous monthly high was 64.5 cents received in October 1950. Considerable contracting for 1951 domestic spring clip wool already has taken place at prices substantially higher than those for this year's spring clip.

Wool prices at the auctions in the British Dominions (Australia, New Zealand, and the Union of South Africa) declined slightly after the sharp rise at the opening auctions early in September, but have been advancing gradually since early October. In general, prices of domestic and Australian wools at Boston at mid-November were about the same as a month earlier. Prices of South American wools were slightly higher:

Consumption of apparel wool (all domestic wools plus duty-paid foreign wools) by domestic mills continues at a rate substantially higher than last year. The weekly rate of consumption of 9.7 million pounds, scoured basis, during August was 32 percent higher than in August of last year and the highest since May 1948. Consumption during September was at a weekly rate of 8.9 million pounds compared with 7.2 million last year. United States woolen and worsted mills consumed 323 million pounds, scoured basis, of apparel wool during January-September compared with 242 million pounds during the same months of last year, an increase of 33 percent. During the same period, consumption of carpet wool (duty-free foreign wools) totaled 146 million pounds, an increase of 28 million pounds or 24 percent over last year.

Imports of apparel (dutiable) wool for consumption during January-August amounted to 171 million pounds, clean basis. This was about double the quantity imported during the same months of last year. Imports during August, 28.4 million pounds, were the largest since March 1948. The quantity of such wools imported for the year probably will range between 285 and 315 million pounds, compared with 155 million pounds last year. Imports of carpet (duty-free) wool amounted to 168 million pounds during January-August compared with 71 million pounds during the same period of 1949. Total imports of such wools for the year probably will amount to 200-225 million pounds compared with 118 million pounds last year.

TOBACCO

On November 30 auctions began for the 1950 Burley crop of about 496 million pounds, which is about one-eighth smaller than last year. Prices on opening day averaged around 10 percent higher than the average of 45 cents per pound for the opening day last season. Demand is expected to continue strong since most Burley is used in cigarettes, which are likely to be consumed at a record rate in 1951. Smoking and chewing tobacco also require Burley and output of these products may be a little larger in 1951 than in

1950. The carry-over of Burley on October 1 was 996 million pounds--the largest on record. Total supplies for 1950-51 are only 3 percent less than for 1949-50. The support level is 45.7 cents per pound--13 percent higher than last season's support and also slightly greater than the 45.2 cents received by growers for the 1949 crop as a whole. Government loan stocks of Burley have been substantially reduced in recent months. The 1951 marketing quota for Burley is 542 million pounds and acreage allotments will total about 4 percent more than in 1950.

Auctions for dark air-cured tobacco (types 35-37) and Virginia fire-cured (type 21) also begin around December 1. The support levels for the dark air-cured and fire-cured types are between 13 and 14 percent higher than during the 1949 season. The 1950 crop of Virginia fire-cured, at about 12 1/4 million pounds, is about the same size as a year ago and carry-over is a little larger. The Kentucky-Tennessee fire-cured crops, which will begin marketings in early 1951, are considerably smaller than in 1949. The production of dark air-cured, estimated at 30 1/2 million pounds, is 15 percent below that of 1949, but the substantially larger carry-over than a year ago will provide total supplies for 1950-51 slightly above those for 1949-50. The 1951 marketing quotas for fire-cured and dark air-cured tobacco will mean acreage allotments of about the same size as in 1950.

Flue-cured marketings for 1950 are about completed. For the season through late November, prices averaged 54.7 cents per pound compared with the 1949 season average of 47.2 cents. The 1951 marketing quota for flue-cured is 1,235 million pounds and acreage allotments will be increased about 9 percent over this year's.

Cigarette consumption during the first 10 months of 1950 totaled about 306 billion--3 percent above the same period of last year. Cigar consumption at 4.6 billion, was slightly lower than in January-October 1949. Use of smoking, chewing tobacco, and snuff combined during January-October 1950 totaled close to 199 million pounds, practically the same as that of the first 10 months a year earlier.

Exports of unmanufactured tobacco increased sharply in September as substantially larger quantities of flue-cured were shipped. United States exports of unmanufactured tobacco in the first three quarters of 1950 totaled 311 million pounds--12 percent less than in the same period of 1949; exports of Burley held about even and, of flue-cured were only about 5 percent less; but exports of Kentucky-Tennessee fire-cured, dark air-cured, and cigar tobacco were much smaller than in the first 9 months of 1949. Flue-cured tobacco exported in September had a declared value per pound of 17 percent above that of September 1949 and reflects the substantially higher prices paid for flue-cured this season.

Quotas have not been in effect on Maryland and the continental cigar filler and binder types; but because of higher than normal supplies, quotas have been proclaimed for the 1951 crops of these types. On December 20, growers will vote on the quotas and at least two-thirds of the growers voting must approve to place them in effect. The quotas, if adopted, will mean small reductions in the acreages of the Maryland type, also, the cigar filler-binder types in Ohio, the Connecticut Valley and Wisconsin, and a moderate reduction in Pennsylvania filler. If quotas go into effect, the 1951 crops of these types will be supported at 90 percent of parity; but if quotas are rejected, no price support can be made available.

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